

A **LEO PHARMACEUTICAL PRODUCTS LTD A/S (LOVENS
KEMISKE FABRIK PRODUKTIONSAKTIESELSKAB)**

v.

B **KOTRA PHARMA (M) SDN BHD (NO 2)**

HIGH COURT MALAYA, MELAKA
LOW HOP BING J
[SUIT NO: 1-22-57-2001]
13 JANUARY 2009

- C **TRADE MARKS:** *Registered trade mark - Action for infringement - Marks for pharmaceutical and veterinary preparations - Whether marks infringed - Trade marks registered for over seven years - Whether registered trade mark valid - Extensive use of plaintiff's trade marks - Whether intention to infringe need to be established - Likelihood of confusion shown - Whether infringement proven*
- D *- Trade Marks Act 1976, s. 36*

- E **TRADE MARKS:** *Registered trade mark - Expungement - Application to expunge and remove plaintiff's marks for pharmaceutical and veterinary preparations - Whether registration obtained by fraud - Whether marks descriptive - Whether marks distinctive of goods or services - Whether marks could cause confusion in relation to ingredients used - Whether marks violated International Non-proprietary Name (INN) Guidelines - Trade Marks Act 1976, ss. 10(1)(d) & 14*

- F The plaintiff carried on the business of manufacturing and distributing, *inter alia*, antibiotic preparations containing fucidic acids bearing the trade marks *viz* "FUCIDIN" and "FUCICORT" in Class 5 in respect of pharmaceutical and veterinary preparations ("the plaintiff's trade marks"). The defendant carried on the business of manufacturing and sales of pharmaceutical and healthcare products. The plaintiff's trade marks had
- G been registered for more than seven years and had been renewed. The pharmaceutical products bearing the plaintiff's trade marks were prescription drugs. The defendant manufactured and sold in Malaysia pharmaceutical products bearing the marks "AXCEL FUSIDIC" and "AXCEL FUSI-CORTE" ("the defendant's marks"). The get-up of the
- H defendant's products were clearly different from the plaintiff's. The plaintiff commenced the present suit claiming infringement of the plaintiff's trade marks and for passing-off. The defendant, in turn, made a counterclaim for rectification, to invalidate and expunge the registration of the plaintiff's trade marks, and for damages arising from unlawful interference with the defendant's trade or business. The defendant
- I claimed that the plaintiff's trade mark registrations: (i) were obtained by fraud. The defendant maintained that the plaintiff's trade marks were registered in violation of s. 10(1)(d) of the Trade Marks Act 1976 ("TMA") as they were descriptive of fusidic acid and corticosteroid; (ii) were not, at the commencement of the proceedings, distinctive of the

plaintiff's goods or services; (iii) offended against s. 14 of the TMA on the grounds that since the plaintiff's trade marks suggested that the goods bearing the marks contained fusidic acid or corticosteroid, it would cause confusion to the relevant public if these marks were used on goods which did not contain such ingredients; or (iv) were not used in respect of certain goods, namely, veterinary preparations. The defendant also relied on the international non-proprietary name ('INN') Guidelines issued by the World Health Organisation and argued that FUCIDIN and FUCICORT violated the requirements of INN and were thus invalid.

Held (allowing plaintiff's claim and dismissing defendant's counterclaim with costs):

- (1) The defendant's counterclaim did not plead nor particularise the plaintiff's actual deception and intention to deceive. It merely averred generally that the plaintiff was well aware that the plaintiff's trade marks were descriptive of the chemical compound used in the products bearing the trade marks "FUCIDIN" and "FUCICORT"; and that the use of the plaintiff's trade marks closely resembled the words "fusidic acid" and "corticosteroid". These averments did not constitute deception as a recognised category of fraud. (paras 27 & 28)
- (2) Pursuant to s. 36 of the TMA, the fact that a person is the registered proprietor of the trade mark shall be *prima facie* evidence of the validity of the original registration of the trade mark. In addition, s. 37 of the TMA provides that the validity of the plaintiff's trade marks which have been registered for more than seven years is no longer open to challenge. FUCIDIN and FUCICORT were registered as trade marks in Malaysia on 7 November 1985 and 3 April 1981 respectively. These trade marks were therefore valid in all respects, unless there was evidence to attract the application of the grounds relied on by the defendant. (paras 29 & 30)
- (3) The TMA does not prohibit the registration of trade marks which are INNs or confusingly similar to INNs. In the absence of statutory enactment, the Guidelines cannot become part and parcel of the TMA. (para 34)
- (4) A trade mark cannot be directly descriptive but it need not be absolutely unsuggestive. It is trite law that a trade mark should not be dissected but should be taken as a whole. (para 46)
- (5) Section 33(4) would only apply if "FUCIDIN" and "FUCICORT" were "the commonly used and accepted names of any single chemical element or single chemical compound"; and were not used as brand names at all. Both these elements were obviously missing here. (para 57)

- A (6) The defendant bore the burden of proving that the plaintiff's trade marks had lost their distinctiveness at the time when the present suit was launched in 2001. The defendant's claim of loss of distinctiveness was devoid of merit. (para 60)
- B (7) The plaintiff had never used the "FUCIDIN" and "FUCICORT" trade marks in relation to pharmaceutical products which did not contain fusidic acid or corticosteroid. In fact, the plaintiff's products did contain fusidic acid and fusidic acid and corticosteroid. Therefore the defendant's argument based on s. 14(1)(a) was unsustainable. (para 73)
- C (8) The expungement of "veterinary preparations" from the plaintiff's trade mark registration would lead to the possibility that the defendant or some third parties may begin to use the "FUCIDIN" mark in respect of the "expunged goods"; thereby creating confusion in the market as to the origin of such pharmaceutical products. It was in the public interest that confusion in pharmaceutical products should be eliminated or minimised. (para 77)
- E (9) As the plaintiff's trade marks were duly registered pursuant to the provisions of the TMA, the plaintiff enjoyed proprietary rights over the goodwill generated through the extensive use of the plaintiff's trade marks. Being the *bona fide* proprietor of the trade marks, the plaintiff had every right to enforce such rights, in which case, the plaintiff could not be regarded as using unlawful means. (para 81)
- F (10) Whether a mark or word is used as a trade mark must be viewed objectively. The defendant cannot escape infringement by establishing that it was not intended that the mark is to function as a trade mark. Even a generic or descriptive name can perform the dual function of indicating both the characteristics and the trade origin of the goods. Further, a generic term may through usage acquire a secondary meaning and therefore function as a trade mark. *A fortiori*, a non-descriptive term such as "Fusidic" and "Fusi-corte". (paras 94 & 95)
- G (11) The plaintiff in a trade mark infringement case was only required to show a likelihood of confusion as opposed to actual confusion. A likelihood is sufficient to attract liability. The likelihood of confusion is not necessarily confined to a situation where a customer is confused into buying one thing in mistake for another. (para 98)
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Case(s) referred to:

- A Clouet & Co Pte Ltd v. Maya Toba Sdn Bhd* [1996] 1 BLJ 239 HC (**refd**) A
AG Spalding & Bros v. AW Gamage Ltd [1915] 32 RPC 273 (**refd**)
Bentley v. Lagonda [1947] 64 RPC 33 HC (**refd**)
Burroughs, Wellcome & Co's Trade Marks [1904] 21 RPC 217 (**refd**)
Dow Hager Lawrence v. Lord Norreys [1890] 15 App Cas 210 HL (**refd**)
Earl Selborne Wallingford v. Mutual Society [1880] 5 App Cas 685 (**refd**) B
Eastern Photographic Material Co's Application [1898] 15 RPC 476 (**refd**)
Electrolux v. Electrix Ltd & Another [1954] 71 RFC 23 (**refd**)
European Limited v. The Economist Newspaper [1998] FSR 283 (**refd**)
Fabrique Ebel Societe Anonyme v. Sykt Perniagaan Tukang Jam City Port & Ors [1989] 1 CLJ 919; [1989] 1 CLJ (Rep) 537 HC (**refd**)
Farley (Aust) Pty Ltd v. TR Alexander Sons (Q) Pty Ltd [1946] 75 CLR 487 (**refd**) C
Ford v. Foster [1872] LR 7 Ch App 611 (**refd**)
Fraser & Neave Ltd v. Yeo Hiap Seng Ltd [1981] 1 LNS 148 (**refd**)
Hallgarten [1948] 66 RPC 105 (**refd**)
Horlick's Malted Milk Company v. Summerskill [1916] 33 RPC 108 CA (**refd**)
HP Bulmer Ltd & Showerings Ltd v. J Bollinger SA & Champagne Lanson Pere et Fils [1976] RPC 79 CA (**refd**) D
H & R Johnson (Malaysia) Bhd v. H & R Johnson Tiles Limited & Anor [1995] 2 CLJ 581 HC (**refd**)
Industrial De Diseno Textil SA v. Edition Concept Sdn Bhd [2005] 2 CLJ 357 HC (**refd**)
James Minifie and Co v. Edwin Davey and Sons [1933] 49 CLR 349 (**refd**) E
Joseph Crosfield & Sons Ltd's Application [1909] 26 RFC 561 (**refd**)
Legal and General Assurance Society Limited v. Daniel [1968] RPC 253 (**refd**)
Manganin [1967] RPC 271 HL (**refd**)
Office Cleaning Services Ltd v. Westminster Window & General Cleaners Ltd [1946] 63 RPC 39 HL (**refd**)
OZE Marketing Sdn Bhd v. Twenty First Century Products Sdn Bhd [1999] 4 CLJ 823 HC (**refd**) F
Parker-Knoll Ltd v. Knoll International Ltd [1962] RPC 265 (**refd**)
Reckitt & Colman Products v. Borden Inc [1990] 1 All ER 873 (**refd**)
Re Lovens Kemiske Fabrik Ved A Konsted's Application for Registration of Trade Mark "Leocillin" [1953] 1 LNS 84 HC (**refd**)
Ronuk Ltd v. Sin Thye Hin & Co [1962] 1 LNS 178 HC (**refd**) G
Sandow's Ltd's Application [1914] 31 RPC 196 (**refd**)
Seet Chuan Seng & Anor v. Tee Yih Jia Food Manufacturing Pte Ltd [1994] 3 CLJ 7 SC (**refd**)
Sinma Medical Products (M) Sdn Bhd v. Yomeishu Seizo Co Ltd & Ors [2004] 3 CLJ 815 CA (**refd**)
Tastee-Freeze [1960] RPC 255 (**refd**) H
The Scotch Whisky Association & Anor v. Ewein Winery (M) Sdn Bhd [1994] 3 CLJ 509 HC (**refd**)
Tiga Gajah Cho Heng Sdn Bhd v. Majuperak Tepung Beras Sdn Bhd [1997] 1 CLJ Supp 52 HC (**refd**)
Wrigley's (Australasia) Ltd v. Life Savers (Australasia) Ltd [1936] 37 SR (NSW) 9 (**refd**) I

A Legislation referred to:
Trade Marks Act 1976, ss. 10(1)(d), 14(1)(a), 33(4), 36, 37, 38(1)
Trade Marks Act 1999 [Ind], s. 13(b)

Other source(s) referred to:
 B Christopher Wadlow, *The Law of Passing off: Unfair Competition by Misrepresentation*, 3rd edn, paras 8-9

- B** Christopher Wadlow, *The Law of Passing off: Unfair Competition by Misrepresentation*, 3rd edn, paras 8-9
Dr Shanahan, *Australian Law of Trade Marks and Passing Off*, 2nd edn (Law Book, 1990), p 96
Jeremy Philips, *Trade Mark Law: A Practical Anatomy*, para 16.05, pp 545-546
- C** Kerly's, *Law of Trade Marks and Trade Names*, 12th edn, (Sweet & Maxwell, 1986), p 206, para 11-67
Lionel Bently & Brad Serman, *Intellectual Property*, 2nd edn (Oxford University Press, 2004), p 925
P Narayanan, *Law of Trade Marks and Passing Off*, (6th edn) Eastern Law House), pp 396-397, 903
- D** Shanahan, *Australian Law of Trade Marks and Passing Off*, 2nd edn (The Law Book, 1990), p 334
Teo Bong Kwang, *Trade Mark Law and Practice in Malaysia [2001]*, p 201

For the defendant - Wendy Lam Mei Kuan; M/s V Chong W Wendy
For the plaintiff - Teo Bong Kwang (Azrul Hamid with him); M/s Wong Jin Nee &
E Teo

Reported by Amutha Suppayah

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Low Hop Bing J:

Claim And Counterclaim

G [1] The plaintiff's claim is based on:

- G [1] The plaintiff's claim is based on:
- (a) the infringement of its registered trade marks *viz* "FUCIDIN" (Registration No. 85/04916) and "FUCICORT" (Registration No. M/90043) in Class 5 in respect of pharmaceutical and veterinary preparations on 7 November 1985 and 3 April 1981 respectively
- H (collectively "the plaintiff's trade marks"); and
- (b) passing-off or attempted passing-off of pharmaceutical products, not being of the plaintiff's, as and for the plaintiff's.

- [2]** The defendant has in turn made a counterclaim for rectification, to invalidate and expunge the registration of the plaintiff's trade marks, and for damages arising from unlawful interference with the defendant's trade or business.

Agreed Facts

[3] The plaintiff is a corporation, incorporated in Denmark. Its principal place of business is at 55, Industriparken, DK-2750, Batterup, Denmark. The plaintiff carries on the business of manufacturing and distributing, *inter alia*, antibiotic preparations containing fucidic acids bearing the trade marks.

[4] The defendant is a private limited company incorporated under the Companies Act 1965. Its registered office is at 535B, Jalan Merdeka, Melaka Raya, 75000 Melaka. Its business address is at Lot 1, Jalan TTC, Cheng Industrial Estate, 75250 Melaka. The defendant carries on the business of manufacturing and sales of pharmaceutical and healthcare products.

[5] The plaintiff's trade marks have been registered for more than seven years and have been renewed. The pharmaceutical products bearing the plaintiff's trade marks are prescription drugs.

[6] The defendant manufactures, sells and offers for sale in Malaysia pharmaceutical products bearing the marks "AXCEL FUSIDIC" and "AXCEL FUSI-CORTE" ("the defendant's marks"). The defendant had supplied to Farmasi Sri Damansara Arah Raya Sdn Bhd of No. 26-G Jalan Tanjung SD13/1, Bandar Sri Damansara, 52200 Kuala Lumpur at least one tube each of the pharmaceutical products bearing the defendant's marks.

[7] The defendant's products prominently display the word "KOTRA" beneath the defendant's marks with the defendant's name and address prominently printed in black, whereas the plaintiff's products prominently display the device of a lion with the word "LEO" beneath it.

[8] The get-up of the defendant's product bearing the words "AXCEL FUSI-CORTE" is clearly different from the plaintiff's in that the packaging displays blue horizontal stripes, on the top of the box, which run from left to right and green horizontal stripes running from the centre to the right margin of the box.

[9] The get-up of the plaintiff's product bearing the word "FUCIDIN" is different from the defendant's in that the packaging which has a predominant white background displays a prominent red vertical stripe, which is printed towards the middle of the box.

- A [10] The get-up of the plaintiff's product bearing the word "FUCICORT" is different from the defendant's in that the packaging which has a predominant white background displays a prominent red and yellow vertical stripe, which are printed towards the middle of the box.
- B [11] The words used by the defendant are spelt with the alphabet "S" in "FUSIDIC" and the alphabets "S" and "E" in "FUSI-CORTE", with a hyphen, whereas the plaintiff's trade marks are spelt with the alphabets "C" and "N" in FUCIDIN", and with the alphabet "C" but without the alphabet "E" in "FUCICORT", without any hyphen.

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Finding Of Facts From Evidence

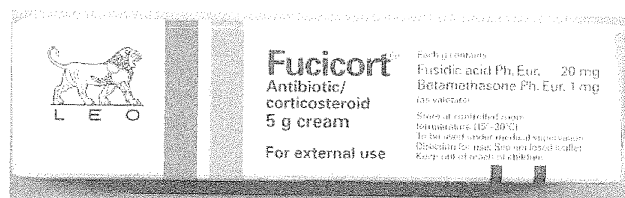
- [12] In addition to the above agreed facts, I shall now unfold my finding of facts, on the basis of the evidence adduced.
- D [13] The plaintiff is a fully integrated pharmaceutical company owned by the LEO Foundation which is an independent private foundation; its objective is to develop and promote the plaintiff's position as an independent pharmaceutical group of companies with its own research, development, manufacturing, distribution, sales and marketing.
- E [14] The plaintiff has been promoting and selling pharmaceutical products bearing the trade mark "FUCIDIN" and FUCICORT in the following get-up respectively:

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[15] The get-up of the defendant's AXCEL FUSIDIC and AXCEL FUSICORTE products are as follows respectively: A



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[16] I shall include other relevant facts as found in the evidence, where necessary, below.

Complex Issues

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[17] In the instant case, the evidence and submissions reveal complex and overlapping issues which will have far-reaching and immense implications *vis-a-vis* the pharmaceutical industry.

[18] For brevity and convenience, a reference to a section hereinafter is a reference to that section in the Trade Marks Act 1976 unless otherwise stated. F

Defendant's Counterclaim And Burden Of Proof

[19] The defendant's counterclaim sought to rectify, invalidate and expunge the plaintiff's trade mark registrations, on the ground that they: G

- (a) were obtained by fraud;
- (b) are not, at the commencement of the proceedings, distinctive of the plaintiff's goods or services; H
- (c) offend against s. 14; or
- (d) were not used in respect of certain goods, namely, veterinary preparations. I

[20] In this regard, the burden of proof is on the defendant, as the challenger, to establish any of the above grounds: *Ronuk Ltd v. Sin Thye Hin & Co* [1962] 1 LNS 178; [1962] 28 MLJ 383, at 384 D-E HC

A Singapore; *Industrial De Diseno Textil SA v. Edition Concept Sdn Bhd* [2005] 2 CLJ 357; [2005] 3 MLJ 347 352 HC, *Trade Mark Law and Practice in Malaysia [2001]* at p. 201 by Teo Bong Kwang; and *Kerly's Law of Trade Marks and Trade Names*, 12th edn (Sweet & Maxwell, 1986) p. 206, para. 11-67.

B [21] Each of the above grounds and related issues shall be considered below.

Fraud

C [22] In imputing fraud to the plaintiff, learned counsel Miss Wendy Lam Mei Kuan contended that the plaintiff had defrauded the Registrar of Trade Marks ("the Registrar") that "FUCIDIN" and "FUCICORT" were registrable as trade marks when the plaintiff was aware that it was not entitled to do so.

D [23] The plaintiff's learned counsel Mr Teo Bong Kwang cited *Kerly's Law of Trade Marks and Trade Names*, *supra* pp. 177-178 para. 11-04 and responded that the defendant's submission is not sustainable.

E [24] In my judgment, it is to be noted that the word "fraud" in s. 37 has not been defined in the Trade Marks Act 1976. Hence, its ordinary, popular grammatical and dictionary meaning applies : see eg, *Tiga Gajah Cho Heng Sdn Bhd v. Majuperak Tepung Beras Sdn Bhd* [1997] 1 CLJ Supp 52 at 69-70, per RK Nathan JC (as he then was).

F [25] "Fraud" involves actual deception or omission by word or deed: see eg, *Bentley v. Lagonda* [1947] 64 RPC 33 HC, at pp. 35 and 75 per Roxburg J; *Farley (Aust) Pty Ltd v. TR Alexander Sons (Q) Pty Ltd* [1946] 75 CLR 487 at 492 per Williams J; and *Tiga Gajah Cho Heng Sdn Bhd*, *supra*.

G [26] The elements of fraud are:

- (a) an actual deception and intention to deceive;
- (b) an actual injury or possible injury by means of deceit; and
- H (c) actual knowledge that the act was calculated to injure one's neighbour.

(See *Tiga Gajah Cho Heng Sdn Bhd*, *supra*).

I [27] In the instant case, the defendant's counterclaim did not plead nor particularise the plaintiff's actual deception and intention to deceive. It merely avers generally that:

(a) the plaintiff was and is at all material times well aware that the plaintiff's trade marks are descriptive of the chemical compound used in the products bearing the trade marks "FUCIDIN" and "FUCICORT"; and A

(b) the use of the plaintiff's trade marks closely resembles the words "fusidic acid" and "corticosteroid". B

[28] I am of the view that the above averments do not constitute deception as a recognised category of fraud: *Bentley v. Lagonda, supra*; *Tiga Gajah Cho Heng Sdn Bhd, supra*; *Earl Selborne Wallingford v. Mutual Society* [1880] 5 App Cas 685 697; *Dow Hager Lawrence v. Lord Norreys* [1890] 15 App Cas 210 HL; and P Narayanan, *Law of Trade Marks and Passing Off*, (6th edn) Eastern Law House) at p. 903. C

[29] Pursuant to s. 36, the fact that a person is the registered proprietor of the trade mark shall be *prima facie* evidence of the validity of the original registration of the trade mark. D

[30] In addition, s. 37 provides that the validity of the plaintiffs trade marks which have been registered for more than seven years is no longer open to challenge. FUCIDIN and FUCICORT were registered as trade marks in Malaysia on 7 November 1985 and 3 April 1981 respectively. These trade marks are therefore valid in all respects, unless there is evidence to attract the application of the grounds relied on by the defendant. E

[31] It is my finding that the defendant has failed to discharge the burden of proving fraud on the part of the plaintiff. F

Generic Names Or Inn

[32] The defendant raised the issue of generic names or international non-proprietary name (INN) and contended that "FUCIDIN" and "FUCICORT" are unregistrable since they bear deceptive or close visual and aural resemblance to fusidic acid, the active pharmaceutical ingredient ("API") in the plaintiff's product. The defendant relied on the INN Guidelines issued by the World Health Organisation and argued that FUCIDIN and FUCICORT have violated the requirements of INN and are therefore invalid. G H

[33] The plaintiff did not dispute that 'fusidic acid' and "corticosteroid" are generic names or INNs, but responded that the defendant's contention is incorrect, as the INN Guidelines do not form part of the Trade Marks Act 1976, and are inapplicable. I

A [34] In my judgment, our Trade Marks Act 1976 does not prohibit the registration of trade marks which are INNs or confusingly similar to INNs. This stands as a sharp contrast to s. 13(b) of the Indian Trade Marks Act 1999 which contains such a prohibition and where relevant reads:

B 13. Prohibition of registration of names of chemical elements or international non-proprietary names.

 No word:

C (a) ...

 (b) which is declared by the World Health Organisation and notified in the prescribed manner by the Registrar from time to time, as an international non-proprietary name or which is deceptively similar to such name,

D shall be registered as a trade mark ...

E [35] The INN Guidelines issued by World Health Organisation in 1997 contain general explanations of the INN selection process. In the absence of statutory enactment, the guidelines cannot become part and parcel of our Trade Marks Act 1976.

 [36] As the plaintiff's trade marks, FUCIDIN and FUCICORT, are not 'fusidic acid' and 'corticosteroid' respectively, they are registrable.

Descriptiveness Of Fucidin And Fucicort

F [37] The defendant maintained that the plaintiff's trade marks were registered in violation of s. 10(1)(d), as they are descriptive of fusidic acid and corticosteroid.

G [38] The plaintiff denied running foul of s. 10(1)(d), as the words "FUCIDIN" and "FUCICORT" are invented words which have no meaning, just like the word "fusidic" alone has no meaning.

H [39] I would resolve these conflicting contentions on the basis of the relevant evidence of SP3 and SP6, adduced for the plaintiff; and of SD5 for the defendant.

I [40] SP3, Gerhard Thomson, the plaintiff's consultant with more than 40 years experience in the pharmaceutical industry admitted that "fuci" is derived from fusidic acid but is not descriptive. He disagreed that "Fucidin" and "Fucicort" resemble the spelling of their API. He also rejected the suggestion that the plaintiff adopted "Fucidin" as a trade mark which so closely resembles its API as to unlawfully maintain a monopoly in marketing these antibiotics. He explained that although "fuci" is derived from fusidic acid, "fuci" *per se* has no meaning and therefore cannot describe anything. He also testified as follows:

FUCIDIN is an invented word but I believe the idea has its source from the generic term “fusidic acid” which in fact is a chemical compound.

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The idea, during the selection and coining of “Fucidin” and “Fucicort” trade marks, was to invent a word or words that would be distinctive of the plaintiff’s antibiotics. These words may have a similarity to the chemical compound of the products but it is in no way a description or a generic name. It is common practice for pharmaceutical companies to adopt or invent trade marks which are based upon the compounds found in the drug. For instance, ‘Amoxil’ which is derived from amoxicillin, ‘Clozaril’ from Clozapine, ‘Adenocor’ from Adenosine and Vancocin’ from Vancomycin. It is obvious that ‘Fucidin’ and ‘Fucicort’ are words that are substantially different from “fusidic acid” and “betamethasone-17-valerate”.

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[41] The evidence of Rohaya bt Leman (SP6), a licensed pharmacist, also confirmed that the plaintiff’s trade marks are not descriptive.

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[42] However, defendant’s regulatory affairs manager (SD5), while admitting that “fucidin” is just a product name, added that it is descriptive.

[43] I accept the evidence of SP3 and SP6. I find that “FUCICORT” is a “portmanteau word” ie, a word which is formed by telescoping two dictionary and generally descriptive words. FUCICORT is derived from the words ‘fusidic acid’ and ‘corticosteroid’, and so is a distinctive and registrable trade mark, (see: Kerly on *Trade Marks and Trade Names*, 12th edn, para. 8-27 list of “portmanteau marks”).

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[44] In *Hallgarten* [1948] 66 RPC 105, the British Assistant Comptroller held that “Whisqueur” is an invented word, notwithstanding its derivation from the words “whisky” and “liqueur”. (See also: Dr Shanahan, *Australian Law of Trade Marks and Passing Off*, 2nd edn (Law Book, 1990) p. 96 and the list of portmanteau words listed therein).

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[45] An INN is of course not registrable as a trade mark since it is generic in nature and it cannot be monopolised by any trader, as members of public may use it. However, this does not prevent pharmaceutical trade mark applicants from choosing names which allude to INN (such as AMOXIL for amoxicillin) or even trying to secure registration of a trade mark which is as close as it can be to the forbidden INN (see Jeremy Philips, *Trade Mark Law: A Practical Anatomy*, para. 16.05 at pp. 545-546).

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[46] A trade mark cannot be directly descriptive but it need not be absolutely unsuggestive. In Kerly on *Trade Marks and Trade Names*, para 8-29, it is said that almost every immediately attractive trade mark is, in some sense, descriptive or laudatory of the goods and so in some

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- A degree has reference to their character or quality. The difficulty is to decide whether that reference is a direct reference: one that seriously affects the word's capacity for distinguishing goods from a particular source, as distinct from the sort of reference that can be found only as an academic exercise: "*Tastee-Freeze*" [1960] RPC 255 at 258.
- B [47] In *Burroughs, Wellcome & Co's Trade Marks* [1904] 21 RPC 217, the English Court of Appeal held that the word "Tabloid" or "Tabloids" as not descriptive, but a distinctive fancy word not in common use.
- C [48] Words containing covert and skillful allusion to the character or quality of the goods involved are still registrable: *Joseph Crosfield & Sons Ltd's Application* [1909] 26 RFC 561; and *Eastern Photographic Material Co's Application* [1898] 15 RPC 476, 483 line 30 HL per Lord Macnaghten.
- D [49] A word or term, even a descriptive one, can still qualify as a trade mark so long as it is distinctive or capable of being distinctive. In *Joseph Crosfield, supra*, at p. 857, Fletcher Moulton LJ referred to the fallacy in "the assumption that there is a natural and innate antagonism between distinctive and descriptive as applied to words, and that if you can show that a word is descriptive, you have proved that it cannot be distinctive. ... Descriptive names may be distinctive or *vice versa*. No words are, as a class, more directly and intentionally distinctive than proper names, and yet originally they were usually, if not invariably, descriptive in all languages ... The natural tendency to use descriptive words as names still exists, since nicknames - the only names that are invented - are usually descriptive. There is, therefore, no natural or necessary incompatibility between distinctiveness and descriptiveness in the case of words used as trade marks ..."
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- F
- G [50] A generic term or a common word can even acquire a secondary meaning and become a distinctive trade mark, as in the common phrases "Head and Shoulder" but are very distinctive marks. It is also the case with "Dove" and "Follow me". Hence, to qualify as a trade mark, the mark need not be totally devoid of descriptive connotation.
- H [51] It is trite law that a trade mark should not be dissected but should be taken as a whole. For instance in *Eastman Photographic Material Co's Appn, supra*, at 483, Lord Halsbury LC remarked that "Solio" is not "Sol" and "Sol" is not "Solio" ". It was not enough that one part of the mark ("Sol") had a definite meaning. The House of Lords held that "Solio" is an invented word and is registrable as such.
- I [52] Any approach which tends to dissect "Fucidin" into "Fuci" and "din" and "Fucicort" into "Fuci" and "cort" would run counter to the ratio in *Eastman Photographic Material Co's Appn, supra*. Hence, I am unable to sustain the submission presented for the defendant.

Commonly Used Word: Section 33(4)

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[53] The defendant also sought to expunge the plaintiff's trade marks under s. 33(4).

[54] In reply, the plaintiff contended that s. 33(4) does not provide for a recognised head or ground for expunging a trade mark which has been registered for more than seven years, and that it is only applicable if "FUCIDIN" and/or "FUCICORT" have become words which are commonly used and accepted names of any single chemical element or single chemical compound.

B

[55] I would first refer to s. 33(4) which reads:

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- (4) No word which is the commonly used and accepted name of any single chemical element or single chemical compound, as distinguished from a mixture, shall be registered as a trade mark in respect of a chemical substance or preparation except that this subsection shall not have effect in relation to a word which is used to denote only a brand or make of the element or compound as made by the proprietor or a registered user of the trade mark as distinguished from the element or compound as made by others and in association with a suitable name or description open to the public use.

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[56] It is my finding that "fusidic acid" is the accepted name or generic term for the chemical element or API of FUCIDIN product, and "corticosteroid" is the accepted generic term for one of the chemicals found in the FUCICORT product. INN only lists "Fusidic acid" and "Corticosteroid", both of which are entered in the National Essential Drugs List, but, as SP3 has testified, the word "Fusidic" cannot stand alone. The commonly used and accepted term for the active ingredient of the "FUCIDIN" product is "fusidic acid" and not "FUCIDIN". The word "cort" is commonly used to refer to "corticosteroid"; and fusidic acid and corticosteroid are the only practicable names to describe the relevant chemical substances.

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[57] I hold that the correct INNs are "fusidic acid" and "corticosteroid" but not "FUCIDIN" or "FUCICORT". To establish that fusidic acid and corticosteroid are commonly used names for certain chemical substances is far from establishing that FUCIDIN or FUCICORT are the equivalent of such terms. Section 33(4) will only apply if "FUCIDIN" and "FUCICORT" are "the commonly used and accepted names of any single chemical element or single chemical compound"; and are not used as brand names at all. Both these elements are obviously missing here. (See Kerly's *Law of Trade Marks and Trade Names*, 12th edn. (Sweet & Maxwell, 1986) para 10-45; and "*Manganin*" [1967] RPC 271 HL).

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A Distinctiveness

[58] The defendant further sought expungement on the ground that the plaintiff's trade marks were not, at the commencement of the rectification proceedings in 2001, distinctive of the plaintiff's goods or services.

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[59] The plaintiff contended that the plaintiff's trade marks are definitely associated with the plaintiff.

C [60] In my judgment, the defendant bears the burden of proving that the plaintiff's trade marks have lost their distinctiveness at the time when the present suit was launched in 2001. For this purpose, it is essential to refer to the evidence adduced at the trial and the law applicable thereto.

D [61] Defendant's witnesses *viz* Khong Lai Bun (SD1), Neo Tan Fong (SD2), Dr Lai Poon Fook (SD4), the defendant's regulatory affairs manager Gan Ching Ching (SD5) and SD6 testified that the plaintiff is the manufacturer of FUCIDIN cream and ointment; and that FUCIDIN and FUCICORT are the plaintiff's trade marks. The defendant's reliance on the evidence-in-chief of Dr Lai Poon Fook (SD4) to prove loss of distinctiveness has been weakened by SD4's evidence under cross-examination which reveals that pharmaceutical products bearing the plaintiff's trade marks are the plaintiff's products and trade marks. Although SD4 claimed that he had dispensed medicines by their generic names, he could not provide the generic names of the steroid found in "Fusi-corte". He could not give the generic names of common pharmaceutical products such as AUGMENTIN or NORVASC as well. All he said was that he needed "to refer to the book". In my view, his evidence does not support the contention advanced for the defendant.

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G [62] Rohaya binti Leman (SP6), a licensed pharmacist, testified that "FUCIDIN" and "FUCICORT" are the plaintiff's products. Another pharmacist (SP9) who is working for a generic drug manufacturer, Pharmaniaga, confirmed that "FUCIDIN" and "FUCICORT" are the plaintiff's trade marks. The plaintiff's consultant (SP3) testified to the same effect.

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I [63] On the evidence, I hold that the defendant has failed to discharge the burden of proving this ground. My view is further fortified by the relevant sources of reference. Both "FUCIDIN" and "FUCICORT" are recognised by "Martindale - *The Extra Pharmacopeia*" 13th edn as the plaintiff's proprietary names. Similar recognition is to be found in the authoritative reference, "*A Dictionary of Medicines* (published by Oxford University Press)" which recognises "FUCIDIN" as the plaintiff's trade mark. "*The Concise Medical Dictionary* (5th edn)" also recognises "FUCIDIN" as a trade name.

“*The Concise Medical Dictionary, Dictionary of Science*” and “*A Dictionary of Medicines, Martindale Extra Pharmacopeia*” also recognise FUCIDIN and FUCICORT as the plaintiff’s trade marks. They distinguish the INN ie, “fusidic acid” from the proprietary names FUCIDIN and FUCICORT both of which belong to the plaintiff.

[64] The test for determining whether a trade mark has become generic or *juris publicis* (common property) has been spelt out by Mellish LJ in *Ford v. Foster* [1872] LR 7 Ch App 611, 628 and applied by Sinnathurai J of the Singapore High Court in *Fraser & Neave Ltd v. Yeo Hiap Seng Ltd* [1981] 1 LNS 148; [1982] 1 MLJ 122, 125 and 126 as follows:

A word which was originally a trade mark, to the exclusive use of which a particular trader, or his successors in trade may have been entitled, may subsequently become *publisi juris* ... What is the test ... I think the test must be, whether the use of it by other persons is still calculated to deceive the public, whether it may still have the effect of inducing the public to buy goods not made by the original owner of the trade mark as if they were his goods. If the mark has come to be so public and in such universal use that nobody can be deceived by the use of it, and can be induced from the use of it to believe that he is buying the goods of the original trader, it appears to me, however hard to some extent it may appear on the trader, yet practically, as the right of a trade mark is simply the right to prevent the traders from being cheated by other persons’ goods being sold as his goods through the fraudulent use of the trade mark, the right to the trade mark must be gone.

[65] In the instant case, the two trade marks “FUCIDIN” and “FUCICORT” are still trade marks, and as such are source indicators. If anyone (other than the plaintiff) were to use them for their pharmaceutical products, the members of public will inevitably think they are the plaintiff’s products. Hence, the defendant’s claim of loss of distinctiveness is devoid of merit.

Package Insert

[66] The defendant contended that the plaintiff has used “FUCIDIN” in a descriptive manner such as “fucidin-sensitive” in some of its product inserts.

[67] The plaintiff argued that this usage was due to a mistake which has been duly corrected.

[68] I accept the evidence of the plaintiff’s consultant SP3 to the effect that it is a clear mistake to use the words “fucidin-sensitive” as the correct version should have been “organisms sensitive to fusidic

A acid". The plaintiff has been in contact with its registration department in Singapore and the insert has been changed in 2001. The change was approved in 2003.

B [69] Shakilah Begum d/o Mohammad Mujtaba Hassan (SP8), the plaintiff's regional regulatory affairs manager at the material time, testified that the corrections to the package inserts were approved by the Drug Control Authority of the National Pharmaceutical Control Bureau of the Ministry of Health Malaysia, in October 1999, as shown in exh. P90. I am therefore unable to find any merit in the defendant's contention.

C **Confusion To Public**

D [70] The defendant relied on s. 14(1)(a) and stressed that since the plaintiff's trade marks suggest that the goods bearing the marks contain fusidic acid and/or corticosteroid, it will cause confusion to the relevant public if these marks are used on goods which do not contain such ingredients.

[71] The plaintiff's response is that the defendant's argument is premised upon the assumption that "FUCIDIN" and "FUCICORT" are in fact descriptive.

E [72] Section 14(1)(a), where relevant, prohibits the registration of a mark as a trade mark if eg, its use is likely to cause confusion to the public.

F [73] In my view, the defendant's argument is hypothetical or speculative in nature. The plaintiff has never used the "FUCIDIN" and "FUCICORT" trade marks in relation to pharmaceutical products which do not contain fusidic acid or corticosteroid. In fact, the plaintiff's products do contain fusidic acid ("FUSIDIN" cream or ointment) and fusidic acid and corticosteroid ("FUCICORT" cream). I am therefore
G unable to sustain the defendant's argument based on s. 14(1)(a).

Non-Use Of "Fucidin" In Veterinary Preparations

H [74] The defendant raised the issue that the plaintiff has not used the "FUCIDIN" trade mark for veterinary preparations and urged the court to expunge it.

[75] The plaintiff took the position that it had used the "FUCIDIN" trade mark in respect of "pharmaceutical preparations".

I [76] I am of the view that the discretion whether or not to expunge a trade mark is a principled discretion which must be exercised judicially, having regard to established judicial principles and all the facts and circumstances of the case, including public interest: *Industrie De Diseno Textil SA v. Edition Concept Sdn Bhd*, *supra*, at p. 356 per Ramly J.

[77] In the instant case, the expungement of “veterinary preparations” from the plaintiff’s trade mark registration would lead to the possibility that the defendant or some third parties may begin to use the “FUCIDIN” mark in respect of the “expunged goods”; thereby creating confusion in the market as to the origin of such pharmaceutical products. It is therefore in the public interest that confusion in pharmaceutical products should be eliminated or minimised.

Unlawful Interference With Trade

[78] The defendant’s counterclaim is also based on the tort of unlawful interference with the defendant’s trade or business. Evidence was adduced through the defendant’s managing director (SD6) to the effect the plaintiffs trade marks are too close to the generic names and the accepted pharmacological names of the relevant chemical substances, thereby giving the plaintiff exclusive use of not only the words constituting the trade marks, but also the generic name and the commonly accepted pharmacological name, to the extent that other generic manufacturers are ultimately deprived of their right to use the generic names for their products.

[79] The plaintiff submitted that the defendant’s contention is baseless as the plaintiff is not against the defendant’s use of proper generic name or INN (eg, fusidic acid) as generic drug manufacturers. The plaintiff is prepared to accept the use of “fusidic acid” by the defendant.

[80] Under this head of the defendant’s counterclaim, I am of the view that the burden is on the defendant to establish that:

- (a) the plaintiff has interfered with the defendant’s trade or business;
- (b) the plaintiff has used unlawful means;
- (c) the plaintiff’s intention was to injure the defendant; and
- (d) the defendant has actually been injured by the plaintiff.

(See *H & R Johnson (Malaysia) Bhd v. H & R Johnson Tiles Limited & Anor* [1995] 2 CLJ 581 at p. 591 per Zakaria Yatim J (later FCJ)).

[81] It is crucial to consider whether the defendant has succeeded in establishing that the plaintiff has used unlawful means in relation to the plaintiff’s trade marks. As the plaintiff’s trade marks were duly registered pursuant to the provisions of the Trade Marks Act 1976, the plaintiff enjoys proprietary rights over the goodwill generated through the extensive use of the plaintiff’s trade marks. Being the *bona fide* proprietor of the trade marks, the plaintiff has every right to enforce such rights, in which case, the plaintiff cannot be regarded as using unlawful means. Hence, the defendant has failed to discharge the burden of proof.

A Decision On Counterclaim

[82] In the circumstances, the defendant's counterclaim is hereby dismissed with costs.

Plaintiff's Claim For Infringement

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[83] The law regulating the infringement of a trade mark is enacted in s. 38(1) which reads:

Infringement of a trade mark

C

38. (1) A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered in such a manner as

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to render the use of the mark likely to be taken either:

(a) as being use as a trade mark;

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(b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to the public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trade mark or to goods with which the person is connected in the course of trade; or

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(c) in a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to the public, as importing a reference to a person having a right either as registered proprietor or as registered user to use the trade mark or to services with the provision of which the person is connected in the course of trade.

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[84] In order to succeed in this cause of action, it is incumbent upon the plaintiff to prove that:

(a) the defendant is neither the registered proprietor nor the registered user of the trade mark;

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(b) the defendant used a mark identical with or so nearly resembling the plaintiff's registered trade mark as is likely to deceive or cause confusion;

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(c) the defendant was using the offending mark in the course of trade;
(d) the defendant was using the offending mark in relation to goods or service within the scope of the registration; and

- (e) the defendant used the offending mark in such a manner as to render the use likely to be taken either as being used as a trade mark or as importing a reference to the registered proprietor or the registered user or to their goods or services. A

(See *Fabrique Ebel Societe Anonyme v. Sykt Perniagaan Tukang Jam City Port & Ors* [1989] 1 CLJ 919; [1989] 1 CLJ (Rep) 537, 540 & 541 per Zakaria Yatim J (later FCJ) and applied by the same judge in *A Clouet & Co Pte Ltd v. Maya Toba Sdn Bhd* [1996] 1 BLJ 239). B

[85] The facts as alluded to above reveal that:

- (a) the plaintiff is the registered owner of trade marks “FUCIDIN” and “FUCICORT”; C
- (b) the goods of the plaintiff and the defendant are the same ie, antibiotics for skin infection; and D
- (c) the subject matter of the suit ie, antibiotics for skin infection come under Schedule C poisons that can be sold by way of prescription either by a doctor or a pharmacist.

[86] I find that *prima facie* the defendant has infringed the plaintiff’s trade marks. E

Deceptive Resemblance

[87] The defendant’s first line of defence is that the plaintiffs trade marks of “FUCIDIN” and “FUCICORT” and the defendant’s marks of “FUSIDIC” or “AXCEL FUSIDIC”, “FUSI-CORTE” or “AXCEL FUSI-CORTE” are not confusingly similar. The defendant further argued that: F

- (a) the defendant’s trade mark for its generic range of products is “AXCEL” and not “AXCEL FUSI-CORTE”; and G
- (b) it will combine its AXCEL brand with the name of the API of each mixture, based on the recommended international non-proprietary names (rINN).

[88] The plaintiff submitted that: H

- (a) the defendant’s naming of the subject products here is not in line with what they have stated to be their standard naming system as the rINN for the API for the AXCEL FUSIDIC product is “fusidic acid” and not FUISIDIC; and I
- (b) the word “FUSI-CORTE” is not a generic name or rINN at all.

- A [89] The above contentions have to be considered in the light of the evidence. At least two witnesses regarded the defendant's trade marks as "Fusi-corte" and "Fusidic" and not "Axcel" at all. The first witness, Suraya Hani binti Sharifudin (SP5), a dispenser at Farmasi Haneem in Kuantan, wrote a receipt and the defendant's product was referred to
- B simply as "Fusidic" when a trap purchase was made there. The second witness, Rohaya binti Leman (SP6), a licensed pharmacist referred to the defendant's products as "Fu-si-dic" dan "Fu-si-cort" which appear on the package thereof. SP6 did not refer to "Axcel Fusidic" or "Axcel Fusi-corte".
- C [90] Dr Lai Poon Fook (SD4) and Gan Ching Ching (SD5) also testified that since the defendant has more than 69 types of generic products prefixed with the word "AXCEL", it is necessary to have a mark or a name for each product in order to specify the product name when they place an order.
- D [91] Yau Ming Kong (SP1), the Country Manager of Leo Pharma Malaysia, identified "Fusidic" and "Fusi-corte" as the product marks, and "AXCEL" as the house mark of the defendant. He explained that:
- E (a) The defendant has clearly adopted the house mark and product mark system of naming their pharmaceutical products. The marks "AXCEL", "Fusidic" and "Fusi-corte" appear in different lines with different background colour; "Fusi-corte" and "Fusidic" being the most conspicuous features of the two get-ups of the defendant;
- F (b) In the pharmaceutical industry, a pharmaceutical company will have the main trade marks or house marks, eg, as "Leo" and the lion device for the plaintiff; and the many types of drugs it produces are identifiable by different names;
- G (c) The product name will be the product mark; and
- (d) The house mark and product mark will both appear on the packaging but prominence will be given to the product mark as it is the practice of the pharmaceutical industry to order drugs by their product marks.
- H [92] In my judgment, it is noticeable that the defendant originally registered its products as "Axcel Fucidic" with the National Drugs Control Bureau of the Ministry of Health Malaysia
- I [93] The spelling for 'fusidic acid' as adopted by authoritative references such as *Oxford Dictionary of Medicines*, *Concise Medical Dictionary*, and *Martindale - The Extra Pharmacopoea* is with an 's' and not a 'c'. Only the plaintiff adopted "FUCI" as part of the trade marks such as FUCITHALMIC, FUCIBET, FUCICORT and FUCIDIN.

The original registration of AXCEL FUCIDIC by the defendant was indicative of an intention to cash in on the reputation of the plaintiff's trade marks.

A

[94] Whether a mark or word is used as a trade mark must be viewed objectively. The defendant cannot escape infringement by establishing that it was not intended that the mark is to function as a trade mark:

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Wrigley's (Australasia) Ltd v. Life Savers (Australasia) Ltd [1936] 37 SR (NSW) 9; *James Minifie and Co v. Edwin Davey and Sons* [1933] 49 CLR 349; and Shanahan, *Australian Law of Trade Marks and Passing Off*, 2nd edn (The Law Book, 1990) at p. 334.

C

[95] Even a generic or descriptive name can perform the dual function of indicating both the characteristics and the trade origin of the goods. Further, a generic term may through usage acquire a secondary meaning and therefore function as a trade mark. A *fortiori*, a non-descriptive term such as "Fusidic" and "Fusi-corte": *The European Limited v. The Economist Newspaper* [1998] FSR 283, at 291-292; and Lionel Bently & Brad Serman, *Intellectual Property*, 2nd edn (Oxford University Press, 2004) p. 925.

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[96] In the circumstances, I sustain the submission presented for the plaintiff.

E

Confusion Or Likelihood

[97] In the second line of defence, the defendant denied any confusion among the four trade marks, while the plaintiff argued that it has proved confusion or likelihood thereof.

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[98] In my view, the plaintiff in a trade mark infringement case is only required to show a likelihood of confusion as opposed to actual confusion. A likelihood is sufficient to attract liability : *Sinma Medical Products (M) Sdn Bhd v. Yomeishu Seizo Co Ltd & Ors* [2004] 3 CLJ 815; [2004] 4 MLJ 358 CA para. [21]; and s. 38(1).

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[99] With particular reference to the likelihood of confusion pertaining to pharmaceutical products, the following special rules apply:

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- (a) The degree of similarity required to prove likelihood of confusion will vary with the degree of differences in goods and services. Where the goods or services are directly competitive, the degree of similarity required to prove likelihood of confusion is small and *vice versa*: see P Narayanan, *Law of Trade Marks and Passing Off*, 6th edn, (Eastern Law House, 2004) pp. 396-397;

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- A (b) The requirement of likelihood of confusion is generally lower in cases where drugs or pharmaceutical products are involved since human life and health may be at stake; and
- (c) Even though the goods may be prescription drugs, the rule regarding lesser degree of likelihood of confusion for medical product should control over the supposed ‘sophistication’ of physicians and pharmacists.
- B

[100] In considering the likelihood of confusion, the following factors are relevant:

- C (a) the idea of the mark;
- (b) the elements of the mark;
- (c) imperfect recollection of the mark by customers or purchasers;
- D (d) the aural as well as the visual aspect of a customer towards the mark; and
- (e) all the circumstances of the trade.

- E **[101]** This defence raised for the defendant must be determined on the basis of the evidence adduced: see *Electrolux v. Electrix Ltd & Another* [1954] 71 RFC 23 at 31 CA, per Sir Raymond Evershed MR. On the evidence, the likelihood of confusion arises in the conflation of plaintiff’s and defendant’s trade marks. In the sale of the defendant’s products to the plaintiff’s investigator (SP2) the receipt (exh. P91), issued by Liew Chien Sze (SP4), a licensed pharmacist with four years’ practice, shows that she conflated the trade marks of the plaintiff and the defendant, in describing the defendant’s product as “AXCEL FUCIDIN” and “AXCEL FUCICORT”. SP4 also agreed that there is a possibility of misspelling “FUCIDIN” and “FUSIDIC”, as well as between
- F “FUSICORT” and “FUSI-CORTE”; and that the possibility is quite common because most pharmaceutical products have similar pronunciations.
- G

- [102]** The likelihood of confusion is not necessarily confined to a situation where a customer is confused into buying one thing in mistake for another. It also extends to a situation where a customer merely identifies or confuses the product of producer A with that of producer B : *Sandow’s Ltd’s Application* [1914] 31 RPC 196, cited with approval in *Re Lovens Kemiske Fabrik Ved A Konsted’s Application for Registration of Trade Mark “Leocillin”* [1953] 1 LNS 84; [1953] 19 MLJ 215 at 219.
- H
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[103] A dispenser (SP5) and a licensed pharmacist (SP6) respectively testified to the possibility of confusion among the four marks.

[104] The defendant's contention, confining the 'relevant public' to doctors and pharmacists who prescribe and dispense the products, appears to be a narrow approach. Judicial pronouncements prove otherwise. Indeed all the relevant circumstances must be looked at. The consideration should not stop at doctors and pharmacists only: *Re Loven Kemiske Fabrik Ved, supra*. Further considerations include the practical reality in which the drugs are dealt with. In the instant case, the dispenser (SP5) did administer and deal with prescription drugs to the plaintiff's investigator.

[105] Although SD1 testified that from his experience in the Melaka Hospital, there was no confusion between the subject marks, nevertheless, under cross-examination, he clarified that the Melaka Hospital did not stock all the four products, and agreed that:

- (a) "FUCIDIN" can be mistakenly read as "FUSIDIC" or *vice versa*;
- (b) "FUCICORT" can be mistakenly read as "FUSI-CORTE" or *vice versa*; and
- (c) there is a possibility of doctors and pharmacists being confused between the "FUCIDIN" and "FUSIDIC" trade marks.

[106] Wong Foot Pin (SD3), a pharmacist from Melaka, agreed that it is quite common for him to encounter instances where consumers ordered a medicine orally in his pharmacy and that it is difficult to know which product a customer is referring to when the word "Fusicort" was verbalized. SD3 did not dispute the fact that:

- (a) he dispensed pharmaceutical products in response to a verbal request from customers or pursuant to written prescriptions;
- (b) once a customer is acquainted with the pharmaceutical product, it is natural for him to order the product by its trade mark or brand name; and
- (c) he has encountered instances where doctors' prescriptions were scribbled, in which case there is a possibility that "Fucidin" may be mistakenly read as "Fusidic" or *vice versa*.

[107] The defendant's managing director (SD6) agreed that:

- (a) there is a possibility that doctors and pharmacists may misread a prescription; and
- (b) doctors may scrawl or scribble when writing their prescriptions for drugs.

- A [108] In the instant action, I have considered that the goods in question are prescription drugs which were dispensed or dealt with by licensed pharmacists or pharmacists' assistants (eg, SP5 herein who is a dispenser) and doctors tend to scribble their prescriptions. Further, the phonetics of the marks ie, between FUCIDIN and FUSIDIC, FUCICORT and FUSI-CORTE are almost indistinguishable. (See: B *Re Lovens Kemiske Fabrik Ved A Konsted's Application for Registration of Trade Mark "Leocilin" supra*). In the circumstances, I hold that the defendant's contention that there is no likelihood of confusion is unsustainable.

C **Intention To Deceive**

- [109] While it is not necessary for the plaintiff to prove that the defendant has the intention to deceive, due weight must be given to such evidence, if any: *Parker-Knoll International* [1962] RPC 265 at 273. D The circumstances of the instant case have given rise to the reasonable inference that the defendant did intend to cash in on the popularity of the plaintiff's trade marks when the defendant applied to register the names "AXCEL FUCIDIC CREAM" with the National Drugs Control Bureau.

E **Bona Fide Use Of 'Fusidic' And 'Fusi-corte'**

- [110] It was argued that the defendant had *bona fide* used the marks "Fusidic" or "Fusi-corte" as descriptive terms.

- F [111] The plaintiff's short answer is that "Fusidic" and "Fusi-corte" are not descriptive terms.

- [112] This issue has been ventilated and considered earlier in this judgment relating to the defendant's counterclaim. In addition to my views as expressed above, it is to be noted that the defendant has given prominence to the words "Fusidic" and "Fusi-corte" by almost four times the size of the other wording found in the packaging and enclosed within a very contrasting blue frame. This clearly demonstrates that these two words are intended to be the most important features of the get-ups and serve as source indicators, being names given to differentiate the defendant's products from the products of others. G H

- [113] Whether or not a term is used as a descriptive term must be answered objectively by looking at the ways it is actually used and the perception of the relevant members of the public of its use. A term may be used in such a way that it is serving the dual function of I descriptiveness and trade mark, to show the characteristics of the goods and at the same time to indicate trade origin: *The European Limited v. The Economist Newspaper Limited, supra*.

[114] The defendant's claim that "Fusidic" and "Fusi-corte" are descriptive terms is not supported by the other features in the defendant's packaging which reveals that the names of the pharmaceutical products or compounds are clearly identified as "Fusidic Acid" and "Fusidic Acid, Betamethasone 17-Velarate". The word "CREAM" in much smaller print is used beneath them. A descriptive term is normally used to describe a noun. In the instant case, the words "Fusidic" and "Fusi-corte" and the word "cream" are not used together or in one line with the same print. Hence, the more reasonable inference is that they are not intended to be used as descriptive terms. I therefore hold that words "FUSIDIC" and "FUSI-CORTE", which have no plain meaning at all, are in fact not used as *bona fide* descriptive terms.

Passing Off

[115] In *Reckitt & Colman Products v. Borden Inc* [1990] 1 All ER 873, the House of Lords held that in order to establish an action for passing off, the plaintiff must prove the following 'classical trinity':

- (a) that he has sufficient reputation or goodwill in the mark, trade mark, get-up or other *indicia* in question in this country.
- (b) that the actions of the defendants are likely to and/or have actually caused misrepresentation; and
- (c) that he has suffered or is likely to suffer damage or injury to his business or goodwill as a result of the defendant's misrepresentation.

(See also *Seet Chuan Seng v. Tee Yee Jia Manufacturing Pte Ltd* [1994] 3 CLJ 7 SC)

[116] With specific reference to the instant action, based on passing off, the plaintiff must prove:

- (a) that the plaintiff has sufficient reputation or goodwill in the *indicia* of origin ie, FUCIDIN and FUCICORT trade marks;
- (b) that the action of the defendant in using the marks "AXCEL FUSIDIC" and "AXCEL FUSI - CORTE" are likely to and/or have actually caused misrepresentation; and
- (c) that the plaintiff has suffered or is likely to suffer damage or injury to its business or goodwill as a result of the defendant's misrepresentation.

[117] The first element ie, the plaintiff's reputation and goodwill in "Fucidin" and "Fucicort" merits consideration now.

- A **[118]** The plaintiff is a well-established international manufacturer and distributor of pharmaceutical products. It started to manufacture and distribute pharmaceutical products bearing the FUCIDIN and FUCICORT marks since 1962 and 1987 respectively.
- B **[119]** The plaintiff first marketed the products bearing the trade mark “FUCICORT” in Denmark and Malaysia in 1987. The total sales of Fucicort products between 1998 and 2002 amounted to about US\$1,310,500.
- C **[120]** The sales volume of the plaintiff’s “FUCIDIN” products in Malaysia for the period between 1998 and 2002 was approximately US\$6,010,700.
- D **[121]** The plaintiff organized and conducted and still organizes and conducts numerous promotional campaigns targeted at doctors and pharmacists to promote “FUCICORT” and “FUCIDIN” products. It also participated as trade exhibitor during medical conferences and in health education and awareness programmes organized by pharmacies. Besides that, the plaintiff also produced brochures, posters, souvenir pens and other notes for distribution to doctors and pharmacists. “FUCICORT” and “FUCIDIN” are listed in MIMS, a complimentary publication containing essential prescribing information designed to be used as a handy reference for routine prescribing of pharmaceutical products available in Malaysia.
- E **[122]** The plaintiff’s “FUCIDIN” and “FUCICORT” products enjoyed substantial market share as evidenced by the Malaysian Pharmaceutical audit conducted by the International Marketing Services Health (commonly known as IMS Health) which is an independent research organization based in the USA. It provides business intelligence and strategic support for the pharmaceutical and healthcare industries. It conducts surveys and gathers data on the sales of drugs and pharmaceutical products.
- F **[123]** In terms of market share, “FUCIDIN” product has captured 36.2% and 36.3% respectively of the Malaysian market share for “topical antibiotics and sulphonamides” in 2000 and 2001 respectively.
- G **[124]** With regard to “FUCICORT” product, its Malaysian market share for the relevant category of “topical corticosteroids combinations” in 2000 and 2001 were 24.2% and 28.78% respectively.
- H **[125]** The defendant has not launched any challenge on the evidence adduced in respect of the sale, advertising and promotion as well as the market shares of the FUCICORT and FUCIDIN products. However, the defendant argued that the plaintiff’s trade marks are not distinctive
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but merely descriptive of the articles sold, as “FUCIDIN” is derived from fusidic acid and verbally one cannot hear the difference between “FUCIDIN” and “Fusidic” ie, a medicine containing fusidic acid.

[126] The plaintiff relied on the plaintiff’s long and monopolistic user of the two trade marks.

[127] This issue has been raised and considered earlier in relation to the defendant’s counterclaim. Read with the same issue above, I would add that a descriptive word is one which contains a description. It is a common word used in ordinary parlance. “Fucidin” and “Fucicort” are not common words found in any ordinary dictionary, They are not ordinary descriptive words such as “Office Cleaning” (found in *Office Cleaning Services Ltd v. Westminster Window & General Cleaners Ltd* [1946] 63 RPC 39 HL; or “Memo Plus” in *OZE Marketing Sdn Bhd v. Twenty First Century Products Sdn Bhd* [1999] 4 CLJ 823 HC; or “Malted Malt” in *Horlick’s Malted Milk Company v. Summerskill* [1916] 33 RPC 108 CA.

[128] Even a descriptive word, through long usage, may acquire a secondary meaning and qualify as trade mark. In *Legal and General Assurance Society Limited v. Daniel* [1968] RPC 253, Lord Denning MR held, *inter alia*, that although the words “Legal & General” are descriptive words, nevertheless they have acquired such a connotation, such a significance in business and elsewhere, that they have become especially associated with the plaintiff being less common, less descriptive, more specialised, and rarely used in combination except by the plaintiff.

[129] As the words “General and Legal” could, through long usage, acquire the trade mark signification, a fortiori, the two plainly undescriptive words of “FUCIDIN” and “FUCICORT” can certainly attain such a status. Further, “FUCIDIN” and “FUCICORT” have found their places in the authoritative dictionaries for medicines and pharmacopoeia for pharmaceutical industry and recognised by IMS Health and MIMS as plaintiff’s trade marks (as contrast to an INN or a generic term). “FUCIDIN” and “FUCICORT” are the plaintiff’s validly registered trade marks not only in Malaysia but in many countries in the world, indeed in more than 107 countries and Fucicort in more than 50 countries, including Denmark.

[130] Through the amount of sale and advertising expenses in Malaysia for 22 years, the plaintiff has thereby acquired the requisite reputation, as in *Sinma Medical Products (M) Sdn Bhd v. Yomeishu Seizo Co Ltd & Ors*, *supra*, 370 CA (See also Christopher Wadlow, *The Law of Passing off : Unfair Competition by Misrepresentation*, 3rd edn, para. 8-9)

- A [131] The reputation and fame of “FUCIDIN” and “FUCICORT” as the plaintiff’s trade marks had been affirmatively established through the evidence of SP1 and SP3. There was no corresponding challenge by the defendant. I therefore hold that, on a balance of probabilities, the plaintiff has successfully proved that “FUCIDIN” and “FUCICORT” are distinctive of the plaintiff.
- B
- C [132] The plaintiff has established the second element ie, misrepresentation by reference to the defendant’s two get-ups in the words “Fusidic” and “Fusi-corte”. It is an established principle of law that where the alleged passing off is based on the similarity of trade marks, the principles of comparison of the marks are the same as those arising under infringement of trade mark: see *P Narayanan*, para. 25.59 at p. 739.
- D [133] Evidence of actual deception is not necessary to establish the likelihood of deceit or confusion: *Medical Products (M) Sdn Bhd v. Yomeishu Seizo Co Ltd & Ors*, *supra*, 371 CA; and *AG Spalding & Bros v. AW Gamage Ltd* [1915] 32 RPC 273.
- E [134] While it is true that the get-ups of the defendant’s pharmaceutical products are different from the plaintiff’s products, the trade marks are too similar. This is a case of passing off as the use of the words “Fusidic” and “Fusi-corte” by the defendant is calculated to lead to the belief that their business is in some way connected with the plaintiff’s.
- F [135] In relation to the third element ie, damage, it is well settled that in a passing off action, the plaintiff does not have to prove that he has actually suffered damage by way of loss of business or in any other way. A probability is enough, so long as the damage is damage to him in his trade or business. In other words, it is damage to his goodwill in respect of that trade or business: see *HP Bulmer Ltd & Showerings Ltd v. J Bollinger SA & Champagne Lanson Pere et Fils* [1976] RPC 79 at 95 (CA) cited with approval in *The Scotch Whisky Association & Anor v. Erwein Winery (M) Sdn Bhd* [1994] 3 CLJ 509; [1999] 6 MLJ 280 at p. 302.
- G
- H [136] In *Seet Chuan Seng v. Tee Yin Jia Foods Manufacturing Pte Ltd*, *supra*, Gunn Chit Tuan CJ(M) held, *inter alia*, that in an action for passing off, where the goods in question are in direct competition with one another, the court will readily infer the likelihood of damage to the plaintiff’s goodwill through loss of sales and loss of exclusive use of his name. (See also *Sinma Medical Products (M) Sdn Bhd v. Yomeishu Seizo Co Ltd & Ors*, *supra*).
- I

[137] In any event, in the instant case, the plaintiff has adduced sufficient evidence to show that it has suffered damage or there is a very high probability that it will suffer damage as a result of the defendant's infringing acts. The probable damage takes the following forms:

- (a) diversion of sale: the defendant's products were invariably offered and actually sold as the cheaper substitutes (or the generic versions) of the plaintiff's; and
- (b) SP5, dispenser at a pharmacy in Kuantan, sold to the plaintiff's investigator SP2, the defendant's products as substitutes.

[138] SP3 testified that the plaintiff has suffered damage in terms of damage occasioned to the goodwill and reputation associated with the plaintiff's trade marks as well as in the reduction of market share of the plaintiff's FUCIDIN and FUCICORT products. The defendant has been riding on the goodwill and reputation of the plaintiff's trade marks to enhance the sale of the defendant's "Fusidic" and "Fusi-corte" products. No other products were offered as cheaper substitutes but the defendant's impugned products, probably due to the fact that it is always easier to promote a product which is nearer in terms of branding to a well-known brand.

[139] The prestige and exclusivity of the plaintiff's trade marks (which are the senior "originator" marks in the industry) will be diminished by confusingly similar marks. An originator's mark should not be allowed to be equated with a trade mark of a generic product. The continued use of the defendant's impugned marks, viz "Fusidic" and "Fusi-corte" which are indistinguishable from the plaintiff's trade marks, will inevitably lead to a situation where the defendant's generic products may be passed off, or confused or even worse, be equated with the plaintiff's originator products. The end result is the plaintiff's loss of exclusivity of the plaintiff's trade marks and an unfair advantage to the defendant.

[140] Loss of exclusivity of the plaintiff's trade marks has been recognized as a separate species of damage which will make up the tort of passing off: see *The Scotch Whisky Association v. Eweine Winery (M) Sdn Bhd*, *supra*, 280 per Abdul Hamid Mohamad J (later CJ Malaysia) and P. Narayanan, *Law of Trade Marks and Passing Off*, *supra*. Although that case concerned the use of the geographical indication "Scotch Whisky", I am of the view that the principle applies equally to the instant case, which involves trade marked goods.

Conclusion

[141] The plaintiff has proved its case of trade mark infringement and passing off against the defendant, while the defendant has failed to prove its counterclaim. I therefore order that:

- A (a) The defendant be restrained by a permanent injunction from infringing the plaintiff's registered trade mark "FUCIDIN" (Trade Mark Registration No. 85/04916) and "FUCIORT" (Trade Mark Registration No. M/90043) by the use thereof in the course of trade the trade marks "AXCEL FUSIDIC" and/or "AXCEL FUSI-CORTE" and/or any other marks confusingly similar to the said registered trade marks ("the infringing marks");
- B
- C (b) The defendant be restrained by a permanent injunction from passing off or attempting to pass off or causing, enabling or assisting others to pass off pharmaceutical products not the pharmaceutical products of the plaintiff as and for the pharmaceutical products of the plaintiff by the use or in connection therewith in the course of trade of the marks "AXCEL FUSIDIC" and/or "AXCEL FUSI-CORTE" and/or any other marks comprising the word "FUSIDIC" and/or "FUSI-CORTE" and/or any colourable imitation thereof "the infringing marks";
- D
- E (c) The defendant whether acting by itself, its directors, officers, servants, or agents or any of them or otherwise howsoever do, within seven days from the date of this order, deliver up and surrender to the plaintiff's agents or any designated third party all pharmaceutical products and all containers, packaging materials, inserts, sign boards, advertisement materials, wrappers or other printed materials in the possession, custody or control of the defendant, the use of which bearing the infringing marks would be a breach of the aforesaid injunction;
- F
- (d) Unless otherwise agreed, an order that damages for infringement of trade mark and passing off be assessed separately; and
- (e) Costs to be taxed.
- G [142] After I have delivered the above judgment, the parties have arrived at an agreed quantum of damages under prayer (4) above, thereby dispensing with the proceedings for assessment thereof.
- H [143] The enormous efforts expended by the respective learned counsel deserve commendation, which I hereby place on record.